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Germany (Russian Zone)

DATE DISTR.

24 November 1948

SUBJECT

Effects of Western Blockade upon Industry in Saxony and Thuringia

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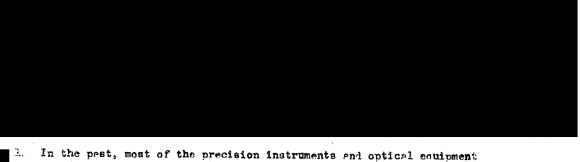
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- manufactured in Dresden factories were sold to wholesale firms and industrial concerns in Berlin. Since this outlet is now closed, manufacturers are encountering difficulties in disposing of their entire production.
- The equipment of all power stations in the Soviet Rone of Germany has become so obsolete that a general breakdown of the power supply appears imminent. The insbility to secure new pipes is an especially grave problem, endangering the life of the men tending the boiler plants. The Russian agencies in Karlshorst, aware of the seriousness of the situation, have been trying to order the material from Russia, However, the pipes delivered turned out so unsatisfactorily, showing deviations up to one hundred per cent, that it was impossible to use them. Only an insignificant number of pipes has been coming in from Gzechoslovskia.
- There are indications that the former AEG Worke, Koppelsdorf, makers bby regraded 3:0ance with the 1273 from the 125 from the of radio equipment, continue to receive the necessary tubes from the
- Twenty-five tons of cellulose were shipped by the Thüringische Zellwolle A.G., Schwerze, to verious yern end twine factories in South Baden, in exchange for which threed is to be delivered on which of South zunning of the clothing industry in the Eastern Zone is well and that the running of the country in the continuation of the country in the count the blockede will present no difficulties.
- In the pest, most reperations orders called for shoes with leather soles. As a result of an acute shortage of heavy leather, the soles are now being made from synthetic meterials. It is not yet clear whether future reperetions orders will be changed accordingly, or whether these products will be diverted to the German market.

Thuringien industry is so short of peints end lecouers that it is even impossible to fill all orders for the Russian Army.

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- 7. The situation in regard to Thuringian foundries is about the same as in August 1948. The foundries have been receiving small quantities of crude iron from the Unterwellenborn plant. Coke was delivered from the Zwickau mining area; this resulted, however, in breakdowns because the use of coke makerit impossible to maintain a constant temperature. The electric current available is insufficient for using the cupols, which made it become necessary to use for the most part the "Pfannen" process. Here too, the foundries are hampered in their work by a shortage of manganese, phosphorus, and the like, which used to be supplied from Western Germany and without which no first-rate product can be obtained.
- 8. In the past, the ceramic industry of Thuringia bought the needed quantities of feldspar from quarries in Hesse. It is alleged that this product continues to reach the ceramic factories from the west.